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SUBJECT: CHINA'S CENTRAL ECONOMIC WORK CONFERENCE CONCLUDES
WITH FOCUS ON DEVELOPING A MORE BALANCED ECONOMY

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¶11. (SBU) Summary: A National Development and Reform Commission (NDRC) Macroeconomic Policy expert told econoff December 8 that the concluding emphasis of the Central Economic Work Conference was on continued economic expansion that promotes stability while at the same time conserving resources and improving China's quality of growth. The conference, which concluded on December 7, was convened to set economic goals for 2007. A state-run media report listed specific objectives arrived at by conference participants, including: reduction of the balance of payments surplus through promotion of imports and overseas investments; development of the rural economy; strengthening of energy conservation; boosting of technological progress and innovation; balancing of regional economic development; and continuing reforms in China's state sector and financial system. End Summary.

Focus on Balance in the Economy

¶12. (SBU) Xinhua reported a move away from the emphasis on rapid growth rates that dominated previous years, meetings. There was increased attention to bringing balance to the economy on multiple fronts. Conference participants concluded that China should strengthen its promotion of imports and overseas investments to reduce its balance of payments surplus. There were also calls for China to raise domestic consumption and to achieve greater balance in investment and consumption across different sectors of the economy. Other economic concerns addressed included the relatively weak agricultural sector and investment that creates a risk of financial market volatility. The government's major goal is to continue the country's economic growth without experiencing huge boom-busts cycles.

Emphasis on Economic Stability

¶12. (SBU) Zhang Haiyu, Director for the Macroeconomic Policy Department of the NDRC's Institute of Economic System and Management, told econoff December 8 that the Central Economic Work Conference's major goals are to continue growing with economic stability, but at the same time, preserve resources and improve China's quality of growth. Specifically, the

government will continue strengthening its macroeconomic controls, promote rural economic development, conserve its natural resources, proceed with economic structural reforms, promote government administrative reforms, and balance regional economic development between China's east and west.

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